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LLOYD'S

ITS ORIGIN, HISTORY AND METHODS

— BY —

HENRY FRY,

Ex-President of the Dominion Board of Trade of Canada
and Lloyd's Agent at Quebec.

"Now to Lloyd's Coffee-House he never fails
"To read the letters and attend the sales."

"The Wealthy Shopkeeper," (1700.)

QUEBEC:
PRINTED BY DAWSON & CO.
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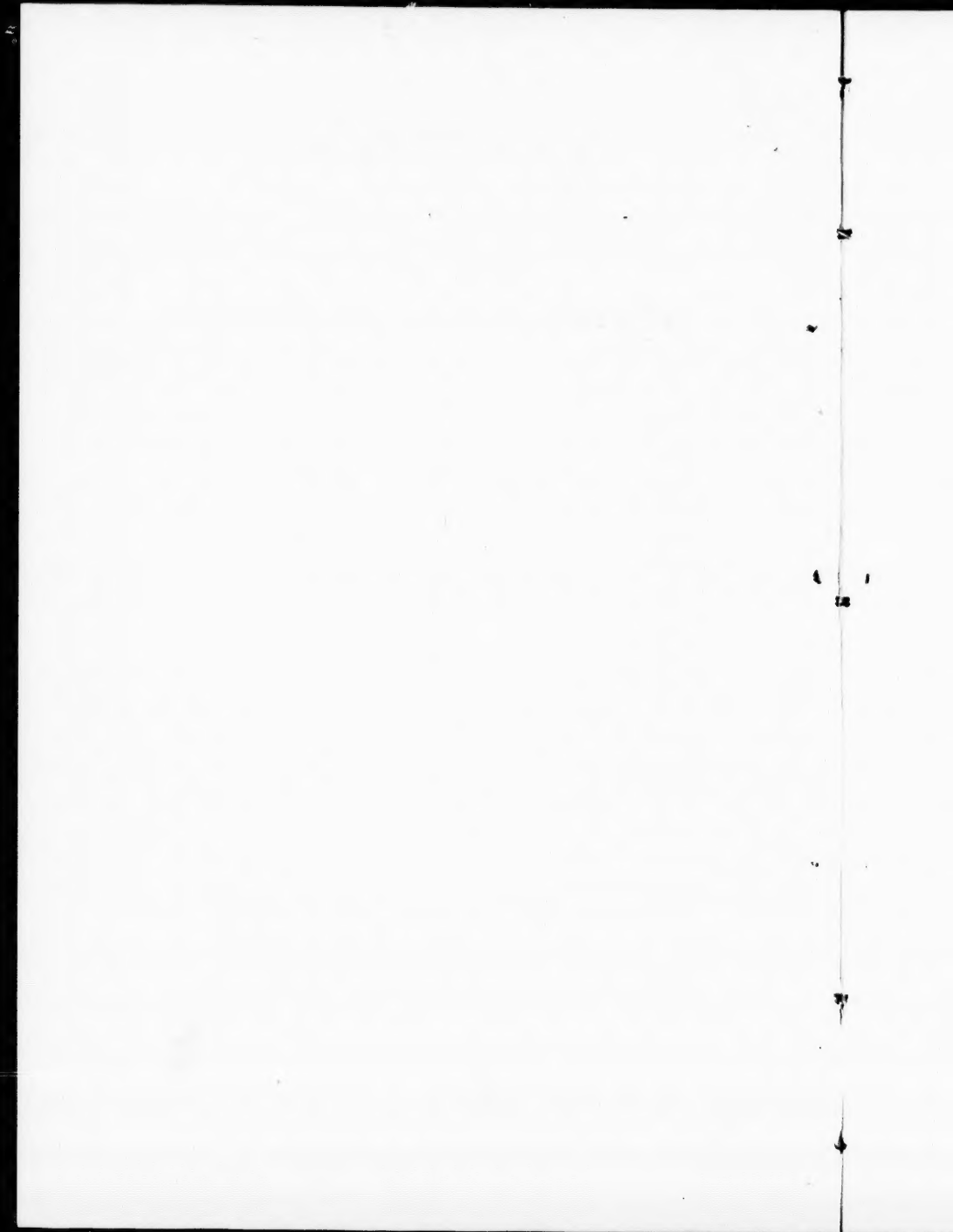
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The term "LLOYD'S" is often used in connection with ships and marine insurance, but few know the origin of the name, or what it really means. Some suppose it to be a Marine Insurance Company; some imagine it to be a private firm; whilst others confound it with "Lloyd's Register of Shipping."

In reality, it is neither of these. It is one of those English institutions, which, beginning in a very small way, has grown with England's ever expanding commerce, until it has become of world wide fame.

"Lloyd's Agents" are found at nearly every seaport in the world, and exercise a sort of control over the wreck of every British ship, whilst more marine insurance is effected at the head office than in any similar institution known.

Marine Insurance seems to have had its origin in England among a company of merchants from the "Hanse Towns" of Germany, known as the "Hanseatic League," who settled at the "Steel Yard," on the banks of the Thames, and formed part of a powerful Confederation spread over Europe. Their privileges, by treaty, in England, were abolished by Elizabeth in 1578.

At the close of the 17th century, Coffee Houses had become very fashionable in London. Mr. Edwards, an English Turkey Merchant, brought home with him Pasquet, a Greek servant, who opened the first Coffee House in London, in George Yard, Lombard Street, in 1652. They afterwards became so numerous that they were suppressed by proclamation in 1675, but the order was revoked on petition of the traders in 1676. "There were Coffee-Houses where medical men might be consulted; Puritan Coffee-Houses, where no oath was heard; Jew's Coffee-Houses, for money changers; and Popish Coffee-Houses, where, as good Protestants believed, Jesuits planned over their cups another great fire, and cast silver bullets to shoot the King." (William III)

Persons at that time commonly asked of such and such a one, not where he lived, but whether he frequented the "Grecian" or the "Rainbow." Will's then the "Rose") was the Wits' Coffee-House, where Dryden had his arm chair, in winter by the fireside, in summer in the balcony. Macaulay says, "Under no roof was a greater variety of figures to be seen. There were Earls in stars and garters, Clergymen in cassocks and bands, pert Templars, sheepish lads from the University, translators and index makers in ragged coats of frieze." "Button's," was Addison's house, over against "Tom's." Here met Pope, Steele, Swift, Arbuthnot, &c., and here Ambrose Phillips hung up the birchen-rod with which he threatened to chastise Pope for a bitter epigram.

"Coffee, which makes the politician wise,

"And see through all things with his half shut eyes."

"Tom's" was a favorite resort of Dr. Johnson, Sir Joshua Reynolds, Garrick, etc.

In 1688, Tower Street was one of the principal thoroughfares in the "City" of London, and there it was that Edward Lloyd, from whom the world famous institution takes its name, established his Coffee-House.

In 1688, the "*London Gazette*," No. 2429, in an advertisement for a thief who had stolen some watches, thus concludes: "Whoever gives notice of them to Mr. Edward Lloyd, at his Coffee-House in Tower Street, shall have a guinea reward" The place then was no doubt a common resort of seafaring men.

In 1692, Lloyd removed his establishment to the corner of Lombard Street and Abchurch Lane. By his removal, Lloyd lost the patronage of seafaring men, but he gained more than he lost in the acquisition of the custom of merchants of standing. He had for rivals "Garaway's," "Jonathan's," "Baker's," and "John's," but "Baker's" is the only one besides "Lloyd's," which now exists. Lloyd soon succeeded in gathering round him a considerable *clientèle*, and the records of the period contain frequent advertisements of sales by "inch of candle" which took place at this Coffee-House. It seems also to have been the favourite delivery house of runaway slaves.

Reference is made to these sales in a "poem" called "The Wealthy Shopkeeper," published in 1700:

"Now to Lloyd's Coffee House he never fails
To read the letters and attend the sales."

These "letters" were a distinguishing feature of Lloyd's Coffee-House. He had established quite an extensive collection of home and foreign correspondents in the principal ports, and from these he received constant news of the movement of vessels, which was duly posted up in his establishment. In this fact may be found the germ of the "Lloyd's List" we are familiar with to-day, and the foundation of the subsequent greatness of the "Corporation of Lloyd's."

Ten years later Steele wrote a letter in the "*Tatler*" on "Lloyd's," and Addison also wrote a similar one in the "*Spectator*."

In 1696, Lloyd established a newspaper, published three times a week, giving shipping and commercial news, and known as "*Lloyd's News*." In those days, nothing of the kind existed except the official "*London Gazette*." A complete file of this paper does not exist, but the Bodleian Library at Oxford contains all but the first seven numbers. It, however, had only a short career, for in the 76th number he inserted some very harmless information concerning the proceedings in the House of Lords. For this heinous offence he was summoned to appear before the bar of the House, and was called upon to "rectify it in his next." This he never did, but substituted hand-writing for printing, and the news sheet continued to be read at Lloyd's Coffee-House for nearly thirty years. In 1726 the paper was revived under the title of "*Lloyd's List*," the publication of which as a daily, (though under a different name since 1884) has been continued down to the present day. "*Lloyd's List*" can

therefore claim to be the oldest newspaper now in existence in England, with the single exception of the official "*London Gazette*."

Lloyd's had by this time, in consequence of the prominence given to shipping matters, come to be recognised as the centre of marine insurance. It was found to be a convenient exchange for merchants, underwriters, and brokers, and thus a centre was established for the carrying on of marine insurance business. As business increased, the Coffee-House was found to be insufficiently commodious, and about 1770 the brokers and underwriters (men who take the risks and subscribe, or underwrite, their names at the foot of the policy), removed their rendezvous to temporary quarters in "Pope's Head Alley." Many efforts were made to secure a suitable home, but they met with no success. In 1771, however, a Dutchman, a prominent member of the Coffee-House, Mr. M. K. VanMierop, called a meeting, and it was there resolved by seventy-nine of his fellow members to build a "New Lloyd's," and they put down their names for £100 each; but it was not until the 24th November, 1773, that the subscribers, under the guidance and advice of Mr. John Julius Angerstein, a native of St. Petersburg, but of German extraction, took a lease of the rooms in the Royal Exchange, from the owners of the building, the Mercer's Company, and in 1774, the "Underwriters" found a permanent abiding place. "And thus it came about that the patrons of what was merely a humble waterside Coffee-House, established themselves on the spot which has ever since been their habitation, and formed a commercial

organization in the very heart of the City of London, which is unique in the history of the commerce of the world." *

Mr. Angerstein was a man of great energy, intelligence and sterling integrity; he was appointed chairman of the Committee, and continued to occupy that position until 1796. In his evidence before a Parliamentary Committee in 1810, he said he had been engaged in insurance business as a broker and underwriter for fifty-four years. "He had found Lloyd's a small institution, and seen it grow into vast size" and thus became known as "The father of Lloyd's."

The immigration to the Royal Exchange had been necessitated by the increase of the number of frequenters of the Coffee-House, and with its numbers grew its strength and importance. Some sort of governing body too was seen to be desirable to control the affairs of the institution and protect the interests of its frequenters. Hitherto, Lloyd's Coffee-House had been open to all who cared to go there. For many years it had been directed by a "House Committee" composed of from 12 to 20 members appointed for life. But in 1811, a Committee of 21 members was appointed "to consider of such measures as may be necessary for the future management of the affairs of this house."

A constitution was formed which lasted without any material changes until 1870, when it was decided to apply to Parliament for an Act of Incorporation, and in May 1871, it was granted.

* H. M. Grey.

The Royal Exchange was destroyed by fire on the 10th January, 1838. The new Exchange, erected under the direction of Mr. Tite, was opened by the Queen on the 28th October, 1844.

The Coffee-room is still maintained, though only as a very small adjunct to the great institution now dwelling in its palatial quarters in Cornhill. "Lloyd's" then, as it now exists, occupies two sides, on the first floor of the magnificent Grecian building known as the "Royal Exchange," "high change" being held in the open quadrangle from 3.45 to 4.15 p.m., every week day. It has five rooms: the "Underwriters' Room," the "Merchants," the "Captains," the "Coffee," and the "Committee" rooms. The first named is a very handsome, lofty room, occupying the whole East side of the quadrangle, and the largest of the suite. The "Merchants" and the "Captains" occupy together the North side, (the latter having a special entrance), and the small coffee-room is off the Captains. The "Committee" room, and Secretary's offices are at the top of the broad staircase at the East end.

As I have said, "Lloyd's" is not a Marine Insurance Company, although an enormous amount of marine insurance is daily effected there, but simply a place where underwriters, merchants, and brokers meet for the transaction of insurance business, and where the latest shipping news from every corner of the world may be obtained. The risks are taken by individual "underwriters" through insurance brokers, on special forms of policy, at rates agreed upon, subject, however, to certain special clauses. The ordinary sum

is £100 each, descending sometimes as low as £25, and when the risk is very light, or a favourite one, ascending upwards to £300 or even £500 each.

The Committee never interferes in any way with the risks taken, the rate of premium, or the settlement of claims; their functions being limited to the admission of members, the appointment of agents, the collection of shipping news by telegraph and post, the daily publication of Lloyd's list, and the selection of a secretary and clerks. The Committee is elected annually by the subscribers from among the leading merchants and underwriters of London. Mr. Thomas Baring, was for a long time Chairman; and he was succeeded by the Right Honorable Geo. J. Goschen, M.P. Lord Revelstoke, another Baring, now occupies the chair. Admiral Halsted, R.N., was for many years the Secretary, and he was succeeded by Mr. B. C. Stephenson, and he by the present occupant, Lt. Col Henry M. Hozier, R E., He enjoys a large salary.

A candidate seeking admission to the "Underwriters" Room has to undergo a severe scrutiny. He must procure a recommendation signed by six members. The application form, setting forth the name, address, occupation, etc., of the candidate, and the names of the members recommending him, is then posted up at least seven days before the day of election. An underwriting member elected after December 31st, 1890, besides being required to deposit with the Committee at least £5000, (for which he receives interest, and which is returnable to him three years after ceasing to be a member), has to pay an

entrance fee of £400, and an annual subscription of 20 Guineas ; but members elected prior to December 31st, 1892, pay only 16 Guineas. A non-underwriting member is exempt from the deposit, and is only required to pay an entrance fee of £25 and an annual subscription of 7 Guineas. An annual "subscriber" pays no entrance fee but merely an annual subscription of 7 Guineas, and an "Associate" 5 Guineas. There are now about 700 Members, 500 Subscribers, and 500 Associates. In a small room on the ground floor a special porter is placed with a file of "Lloyd's Lists" to give the latest information of ships to the humblest applicant free of charge.

The appointment of "Lloyd's Agent" is much sought after everywhere, not so much on account of the fees, which are often very small, (they have no salary), but because it gives a certain "status" all over the world, the Committee being known to carefully scrutinize the character and antecedents of every applicant. There are about 1500 in all. They have no legal powers, (unless specially conferred) but Captains are always anxious to secure their advice and assistance when in distress, for which the Agents are paid. They have also to forward instantaneous advices of accidents or wrecks by telegraph, and regular advices of arrivals and sailings ; superintend surveys and sales of wrecked ships and goods, and, when necessary, investigate frauds. The Quebec district extends from Sorel to Gaspé. The duties are often very onerous, and occasionally subject the Agent to much opprobrium, but he is always loyally supported by the Committee, and implicitly trusted

by the underwriters. The introduction of cable messages, however, has added, indirectly, to the power of Agents, as well as increased their duties and their fees. The "*Shipping Gazette*" and "*Lloyd's List*" is published every morning, except Sundays, by the Secretary and a large staff, and is circulated all over the world. It consists of all arrivals and sailings at home and abroad, accidents, and speakings at sea; official notices from the Admiralty, Customs, and Trinity House, and advertisements.

In order to understand the methods of its business, let us make an imaginary visit to "Lloyd's," say about 11 a.m. At the top of the handsome, broad, stone staircase entered from Exchange Place, near the Peabody monument, you find a spacious vestibule carefully guarded by a *Cerberus* in scarlet livery, who knows every member, and excludes every stranger, unless escorted by a member or subscriber. He will call any member you wish to see in stentorian tones.

In the vestibule, you find a handsome marble tablet commemorating the public spirit of the proprietor of the *Times* in exposing a gigantic fraud, and refusing to accept the cost of a long trial; and another, erected in memory of a London merchant named "Lyddaker"

Near by are three enormous books which are posted every few minutes in business hours; the "home arrival" book; the "foreign arrival" book; and the "accident" or "black book." Then, a large screen, on which are pinned telegrams from all parts of the world as soon as received, and a board for official notices of the Committee. A spacious cloak room opens from the N. E. corner. Looking South, you

find a lofty, well proportioned room about 100 feet long with a recess at the end, and an "anemometer" showing the direction and force of the wind. On the floor are three rows of small, oblong, mahogany tables and low back seats. Each table is usually occupied by two underwriters and two clerks, and supplied with two copies of "Lloyd's Register of Shipping," (the business mentor of every British underwriter), and the orthodox "risk book," and "loss book."

To be a successful underwriter at Lloyd's, a man must not only have had a long experience, but he must possess considerable acuteness, and be capable of very rapid decisions : he must know every leading shipowner in the Kingdom, (especially the unfortunate ones), thousands of ships, and many of the captains, and all the best and worst ship builders ; he must have at his finger ends the average losses in every trade, (carefully compiled from underwriters' books), and the various legal decisions affecting his business.

Thus armed, the business proceeds with marvellous rapidity and smoothness, and soon after 3 p.m., the room is deserted. The spaces between the tables are crowded with brokers, and the hum of voices almost amounts to a roar. Each broker enters the room with a handful of slips about 9 x 3 inches, at the top of which he prints his own name, and writes the name of the ship, captain, voyage, risk, amount of risk and rate of premium. In effecting insurance, or settling losses, it is necessary for the broker to find a sort of "bell-wether" underwriter. If he approves the rate, most others will follow ; and in settling

losses, if the first name on the policy initials the claim, the others very rarely dispute it. The risks are described on the slips thus :

"Sobraon," Elmslie, London, Sydney, Goods f. p. a. £5000—40 s. — (f. p. a. meaning "free of particular average" unless the ship is stranded, sunk, or burnt, and applies to goods which are peculiarly liable to suffer from water, mildew, or natural decay.) or

"Thames," Jones, Hull, 12 mos. 6 Guineas, R. D. C. (meaning with "Running down clause") £10,000; or "Monarch," Wills, Bombay, Liverpool, on freight £3,000—40 s. There are various kinds of policies; voyage policies and time policies on the "hull"; freight; goods all risks; goods f. p. a.; "open" policies, (by which a merchant covers all his risks, say for 12 months ahead in a particular trade, and on which he may "declare" a risk long after its loss is known, in good faith); launching policies; war policies, and policies of honour, (which cannot be legally enforced). Occasionally, too, insurance is effected at Lloyd's on other matters than marine risks. Thus, in 1813, the life of Napoleon was insured for one month at 3 Guineas per cent. The life of Alphonsus XII of Spain was insured, as was also the Duke of Westminster's race horse "Ormonde." During the London Dock strike a very large business was done in insurance against the risks of riot and civil commotion. Bank deposits are frequently insured at Lloyd's, and even the Baring Guarantee in 1891 was very largely covered in the room at 10 Guineas per cent.

The rates of premium vary from $\frac{1}{8}$ th of one per cent. up to 90 per cent. (the latter rate being only where a ship is long overdue); specie is the favourite risk. The brokerage allowed is 5 per cent. and the discounts for monthly cash settlements 10 per cent. Having secured his first name to his slip thus:—“£200. H. & J.” (meaning Hyde & Jones, £100 each, by proxy.) the brokers' slips are usually filled up with great rapidity. He hands his slip in; almost as quick as a flash of light the underwriter realises the risk and will either hand it back, without uttering a word, but with a shake of the head, or will initial it like the first. If he is in doubt, he refers to his “Lloyd's Register,” and in a few seconds ascertains the age and class of the ship, the names of her owner, builder, and captain, when he decides in a moment. If the broker finds he cannot get the risk taken at his rate, he must increase the premium and begin again, or try the “Companies.” As soon as the slip is filled, a clerk fills up a stamped policy and the next day it is signed in full, usually by proxy. In this way an amount of business is got through in about four hours which is almost incredible. There is no “dickering,” but simply “yes” or “no,” although in an occasional interval every one indulges in a little “chaff” to which all Londoners are so prone. The foreign imports and exports of the Kingdom amount to over 600 million pounds sterling per annum, besides an enormous coasting trade. British Shipping are worth about 150 millions sterling, and their freights nearly as much more, so that the field is a vast one.

The rates at which some risks are taken seem almost ridiculous to the uninitiated. For instance: a risk

of £100 will be taken on goods by an Atlantic Steamship to New York for 7s. 6d (or $\frac{3}{4}$ ths. of 1 per cent. less 15 per cent.) and an underwriter will tell you that he prefers it to many at 5 per cent. Steam Colliers, making a round voyage every week, have been insured by the year at rates which only leave the underwriters 2s. 6d. per £100 for every voyage from London to Newcastle and back. As an exceptional case, it may be mentioned that the actual losses on goods by the Cunard Line for the past 50 years have not exceeded one shilling per £100, but this is unparalleled.

The losses on goods by the Allan Line for the past 25 years, have not exceeded one-quarter of one per cent. so greatly has steam reduced the average loss at sea.

The heaviest premiums paid, until recently, were on late risks by sailing ships from Quebec to Europe, 8, and even 10, Guineas per cent. having been paid on sailing ships late in November. This was a terrible tax on Canadian trade, but steamships are fast replacing sailing and are insured at very low rates. All the rates, however, are based on well ascertained averages, except where special risks are taken on overdue ships. A careful underwriter classifies his risks and ascertains the losses every year in each trade, and thus a series of years afford him almost as safe a basis as a life insurance table.

A "total loss" is usually settled as soon as the protest is presented, if there be no suspicion of fraud or illegality. In cases of "partial loss" or "general average," the papers are submitted to a recognised

"adjuster," whose duties are extremely onerous, and require perfect honesty, a sound judgment and some legal knowledge. He makes out an "average statement" showing the percentage of loss on each policy, and this is always accepted.

The law of "average" is very complicated and many treatises have been written upon it. "General average" is usually defined to apply when a "voluntary sacrifice of part of an adventure is made to prevent the loss of the whole," and is borne equally by ship, cargo, and freight, in proportion to their respective values. "Particular average" applies when the ship, or her cargo, is damaged by the perils of the sea. Thus, when goods are *thrown* overboard to save a ship from sinking, it is "General"; but if damaged by a leak, it is "Particular." If masts or sails are *cut away* to prevent a ship from going ashore, it is "General"; but if *blown away*, it is "Particular." Damage by fire has led to much dispute, where goods are damaged not by the fire but by water introduced to quench the fire. Different nations too have different laws of average, and International meetings have been held with a view to make them uniform. All claims under 3 per cent. unless "General average," are barred by Lloyd's policies, and claims on perishable goods, such as hemp, flax, fish, fruit, grain, etc., are barred up to 5 per cent, and in some cases, 10 per cent. When a wooden ship is over a year old, one-third the cost of new materials for repairs, is deducted as "new for old." Many of these rules have come down from laws enacted by a little Phœnician Colony in the Island of Rhodes. They were adopted by the Romans in their Code, by the Italians, and afterwards

by the Hanse Towns and England, and were perfected by Lord Mansfield. The Rhodians were the first to make laws regulating Bills of Lading, Charter Parties, Demurrage, and Bottomry, as well as Commercial Partnerships. The punishments for piracy or wilful loss of a ship were very severe.

To return to "Lloyd's." When a ship is missing, the claim is not entertained until the Committee "post" her in the room, when her case is deemed hopeless, and the claim is at once settled. A claim is rarely disputed unless there is proof of fraud, unseaworthiness, or illegal procedure, such as improper sale. Claims are paid one week after their being passed. In 30 years I only traced one case of fraud, where a ship owner insured his ship after he knew of her loss at Quebec, and two cases of illegal condemnation and sale. In these cases the underwriters successfully resisted payment.

There are, of course, occasional failures among the underwriters; a few lack experience and take risks indiscriminately; and a few have not sufficient capital to tide over an exceptionally bad year; whilst here and there a "plunger" indulges in 40 or 50 Guinea risks, which generally turn out badly: but such men are rarely allowed to enter the room again. In no City in the world is the Code of Commercial honour more strictly observed than in London, and it is remarkable how correctly the dealings of any particular man are known all over the great "city." Let him but once depart from the strict path of honour and he is as effectually "blackballed" as if his name were posted in the Royal Exchange.

In the recess at the end of the long room are several large books, posted daily by clerks from "Lloyd's List," so that any member can ascertain in a few minutes the latest record of any ship mentioned in that invaluable paper. In a vault below, the records of Lloyd's from an early date are carefully preserved, and on one occasion, during the discussion of deck loads, the writer was asked to furnish a list of 6,000 ships cleared from Quebec, extending over 20 years. *Every ship was traced* from the records in an incredibly short space of time, and the average loss in each period of 10 years ascertained. There is also a "Registry of Shipmasters," giving the history of every British Captain and officer with the casualties he has met with, (supplied by the Board of Trade). There is also a "Salvage Association" with a staff of retired shipmasters and divers, who are sent all over the world to look after wrecks and protect underwriters from the land sharks which abound in every large sea port

In May, 1803, Lloyd's started the idea of a "Patriotic Fund," first suggested by Mr Angerstein, and Sir Francis Baring, M. P., and subscribed £20,000 towards it, the members resolving that— "to animate our defenders by sea and by land, it is expedient to raise, by the patriotism of the community at large a suitable fund for their comfort and relief; for the purpose of assuaging the anguish of their wounds, or palliating, in some degree, the more weighty misfortune of the loss of limbs; of alleviating the distresses of the widow and orphan; of smoothing the brow of sorrow for the fall of dearest relatives,

"the props of unhappy indigence, or helpless age ;
"and of granting pecuniary rewards or honourable
"badges of distinction, for successful exertions of
"valour or merit."

The apprehensions of foreign invasion were real and widespread ; the scheme was received with the greatest favour throughout the land, and when the accounts were finally made up in 1826, it was found that nearly £630,000 had been received in all, (three million dollars.) The medal was as eagerly sought after as the Victoria Cross of our day. The Patriotic Fund was revived in 1855, during the Crimean war.

Lloyd's too, grants rewards for saving of life from shipwreck, which takes the form of a medal, designed by the late Mr. William Wyon, R.A. The subject of it is taken from the Odyssey where Ulysses is described as being rescued from the perils of a storm by Lencothoë. The reverse is taken from a medal of Augustus—a crown of oak being the reward given by the Romans to him who saved the life of a citizen, with the motto derived from the same authority "*ob cives servatos.*"

One of the most worthy recipients of this medal was Captain Murrell of the British Steamship "Missouri," who, in 1889, saved 738 souls from the Danish Steamship "Danmark" in mid-ocean, one of the greatest achievements on record. Glasgow underwriters also, gave Captain George Churchill, of Yarmouth, N. S., a service of plate and a purse of gold, for constructing 12 rudders in succession at sea, on one passage of the ship "Research," bound from Quebec to Greenock, and well he deserved both.

Lloyd's has its own Cable Code and pays a very large sum for messages from every part of the world; a staff of clerks is employed day and night to deal with them.

Another branch which has been worked with success is the reporting of vessels as they pass various signal stations established at important points, such as the Fastnet Rock, Gibraltar, Malta, St. Helena, Aden, and Perim. A ship sails in close enough for her signal letters to be read, when her name is immediately flashed over the wires to Lloyd's.

"Lloyd's Register of Shipping," is an entirely distinct organization, and is managed by a Committee of merchants, shipowners, and underwriters, who appoint surveyors at all the leading British and Colonial Ports to survey and class ships when building and periodically afterwards. The results are published in an annual volume, with many details and semi-monthly supplements. Some of these surveyors are men of high scientific attainments, and the book has justly secured the confidence of every mercantile community. To an underwriter it is an absolute necessity.

A "Registry of Shipping" was established in London as early as 1760 by underwriters, known as the "Green Book." In 1799 there were two Register Books, the "Green" and the "Red" books, the latter having been established by shipowners, and between them there appears to have been a severe competition. In 1822 the first Steamboat appears in the Registry, the "James Watt," 294 tons, built at Greenock, and in 1837 the first iron ship. In 1829, the name of

"Lloyd's" was first prefixed to a Register of Shipping. In October 1834, the two Registers were amalgamated under the title of "Lloyd's Register of British and Foreign Shipping," managed by a Committee of 26, $\frac{1}{3}$ rd. merchants, $\frac{1}{3}$ rd. shipowners, and $\frac{1}{3}$ rd. underwriters, with the Chairman of Lloyd's, and the Chairman of the General Shipowners Society. Since then 24 members from various out ports have been added. The number of subscribers in 1834 was 721, at present, it is about 3500.

Thomas Chapman, Esq., was Chairman from 1835 to 1881, a period of 46 years. Thomas Menzies, Esq. and C. R. Coker, Esq., were for many years the Society's Surveyors in Quebec. In 1883, 848 ships measuring 1,116,555 tons, were built under the Society's inspection, and about 90 per cent. of all ships built in the United Kingdom have been surveyed and classed by the Society.

The "Bureau Veritas," or "French Lloyd's," as it is called, is conducted at Brussels, on much the same lines. The United States and Norway, also publish similar books.

Many curious incidents illustrating the "ups and downs" of an underwriter's life may be picked up at Lloyd's. I can only mention a few. The blow of a sword-fish penetrating a four inch oak plank has caused a heavy claim; so have the teeth of a thirsty rat, and the tail of an angry whale. A little sea worm, the *teredo navalis*, has destroyed many a wooden ship: striking a match has caused the destruction of several coal laden ships by the explosion of coal gas: a sounding rod dropped too often in one spot

went through the bottom of an iron steamship and caused her condemnation at the Cape and a protracted lawsuit : a small iron nail getting into a compass has caused the loss of a ship, and so has the accidental extinguishing of a shore light, and the misreading of a compass card. The drawing off of spirits at night near an open lamp caused the loss of an Indian with many lives, and putting a red hot iron into a pitch pot to fumigate the steerage, destroyed a large Atlantic Steamship and 471 lives ; a "seaquake" on the coast of Peru has destroyed a whole fleet of ships in a few minutes whilst at anchor on a calm night ; a single Equinoctial gale in September, has ended the career of 300 ships in the North Atlantic, and a large ship has been totally dismasted, and another sunk, when lying quiet in a London Dock.

On the other hand, as much as 50 per cent. has more than once been paid on an overdue ship which has turned up a few hours later all right. Premiums have often been paid on ships and cargoes which had arrived safely before the insurance was effected, and during the "Trent" excitement in 1861, large sums were made by underwriters on insurance against capture in a war which never occurred. Underwriters suffer much from frauds ; here are a few examples :—A scoundrel at Bombay, effected heavy insurances on fictitious Bills of Lading for Cotton, and arranged the wilful loss of the ship ; but he was detected and immured in an Indian gaol. A box of common lucifer matches was found at Manchester in a bale of New Orleans Cotton ; Horses, worth about £10 each, were shipped abroad and heavily insured, only to be poisoned with strychnine, but the rascals

were detected and punished. Ships and their cargoes have often been condemned and nominally sold for small sums, and both have made their appearance in England soon after the loss was settled ; in one case, a ship was paid for three times over as a total loss, having in each case merely touched ground, been fraudulently condemned, and her name then changed ; and this, I regret to say, happened in Canada.

Science, however, has done much for underwriters. Telegrams often prevent, or detect, fraud, and afford timely assistance to ships in distress. Divers have recovered specie and valuable goods from the depths of the Ocean, and stopped leaks in stranded ships. Electric lights, gas buoys, and steam whistles have prevented wrecks ; steam pumps have saved them from total loss, and oil has stilled the angry waves.

But science has terribly increased the anxieties and worries of merchants. The silent cable and the ubiquitous "Lloyd's Agent" have often posted a loss at Lloyd's before the merchant knew that his goods were shipped, or had time to insure, and men wedded to old methods are left behind in the race.

It is impossible to give the amount of business transacted at Lloyd's, as no returns are published, and thus every estimate must be, more or less, conjectural. Judging, however, partly from the known values of imports and exports, the tonnage employed, and partly from observations in the room, the risks taken may fairly be estimated at from 250 to 300 million pounds stg. per annum, and the premiums received at between 3 and 4 millions. The profits, of

course, vary every year, but although competition is very keen, in the long run there is a fair margin, and the business involves the use of little or no capital. The total marine risks of Great Britain and Ireland must be at least 1000 million pounds stg. per annum, four-fifths of which are probably insured in England and Scotland. A few large Steamship Companies are partly, or altogether, their own underwriters, and the same may be said of a few private shipowners. The balance is divided between Lloyd's, Liverpool, and Glasgow underwriters, Marine Insurance Companies, Mutual Clubs, and a few small Continental Agencies. There are also "Mutual Guarantee Clubs" in which shipowners can insure every risk not covered by ordinary marine policies, which, in some cases, are very heavy; such as loss of property or life in other ships by collision, for which every shipowner is liable up to £8 per register ton for the former, and £15 per ton for both.

The "Merchant's Room" is a very interesting one to visitors. On a double row of tables are laid the London and Provincial papers, special reports from Lloyd's Agents, (not being confidential), and files of the Shipping Gazette and Lloyd's List; printed slips containing the latest shipping news are posted about every half hour from 10 to 3, and these are supplied to Marine Insurance Companies, etc.

A walk round this room is like a rapid tour around the world, for on files, in regular order, commencing at Hamburg, and ending at Newfoundland, are the latest newspapers from nearly every sea port in the world where a paper is published, and in many dif-

ferent languages. One could spend a whole day pleasantly in this room alone. The Captain's Room is the smallest of the three. It is simply a place of resort for Shipmasters, for auction sales of ships, and for enquirers who have friends at sea.

The "Coffee Room" is crowded from 1 to 2 p.m., where members are supplied with a Sandwich and a cup of Coffee, or a glass of Sherry, all of the very best.

Such is "Lloyd's." From its earliest years it has enjoyed a reputation for honourable dealing. The routine may be considered tedious by some, but it has stood the test of time, and it is considered safer than the limited Companies, for the underwriters' responsibility is unlimited. Underwriting at Lloyd's is, as a rule, moderately profitable, while it is satisfactory to the public, and is the means of disseminating most valuable information, often obtained at a heavy cost, practically free to all the world.

Sweetsburg, Quebec,
30th March, 1895.